

Bangor Gas Light Company (“BGLC”, also known as Bangor Gas Company),
American Gas Company, United Gas Improvement Company (“UGI”) and
American Gas & Power Company;

2. Documents publicly available at the Maine Public Utility Commission, including correspondence and reports;
3. Documents publicly available at the U.S. Securities and Exchange Commission, including testimony and findings and opinions;
4. Documents publicly available at the U.S. Federal Trade Commission, including FTC and congressional committee reports;
5. Various newspaper articles concerning the ownership, management and operations of BGLC and the Bangor manufactured gas plant (“MGP”) facility;
6. Relevant entries from various editions of Brown’s Directory of American Gas Companies, Moody’s Manual of Investments and Poor’s Manual of Public Utilities;
7. Summaries of officers and directors for BGLC, American Gas Company, UGI, American Gas & Power Company and Public Utilities Management Corporation;
8. Historical materials describing the business and operation of manufactured gas plants;
9. Contemporary materials dealing with the historical business and operation of manufactured gas plants;
10. MGP property records;
11. Materials discussing events surrounding the passage of the Public Utilities Holding Company Act of 1935;

12. Other expert designations in this case; and

13. Various pleadings in this case.

Citizens expects that Dr. Baker will offer the following opinions:

I. During the period from approximately 1901 to approximately 1925, American Gas Company (“American Gas”) disregarded the separate corporate identity of, and exercised extensive control over, its wholly-owned subsidiary Bangor Gas Light

Company.

- Upon acquisition of BGLC, American Gas officers and directors became officers, directors and managers of BGLC. Officers and directors of American Gas served as a majority of the officers and directors of BGLC throughout this period.
- American Gas exercised control over a range of details of the business of BGLC, from the most important to the trivial.
- American Gas acted in the stead of BGLC in making decisions concerning, among other things, plant expansion, accounting methods, purchase and sales, and insurance.
- American Gas engaged in irregular financial practices with respect to BGLC, which evidence that American Gas did not maintain a separate corporate identity from BGLC.
- American Gas did not observe corporate formalities in holding BGLC.
- During this period, there were irregularities in the corporate records for BGLC.

II. During the period from approximately 1901 to approximately 1925, American Gas Company effectively operated the MGP facility that was the primary asset of Bangor Gas Light Company.

- American Gas made decisions with respect to operations, including plant expansion and management of the physical facilities, of the MGP.
- Decisions made by personnel at BGLC were subject to the approval of American Gas personnel.

III. During the period from approximately 1925 to approximately 1928, The United Gas Improvement Company (“UGI”) disregarded the separate corporate identity of, and exercised extensive control over, its wholly-owned subsidiary Bangor Gas Light Company.

- Upon acquisition of American Gas, UGI installed its own officers and directors at BGLC. Officers and directors of UGI served as a majority of the officers and directors of BGLC throughout this period.
- UGI exercised control over a range of details of the business of BGLC, from the most important to the trivial.
- UGI acted in the stead of BGLC in making decisions concerning, among other things, plant expansion, accounting methods, purchase and sales, and insurance.
- UGI engaged in irregular financial practices with respect to BGLC, which evidence that UGI did not maintain a separate corporate identity from BGLC.
- UGI and American Gas did not observe corporate formalities in holding BGLC.
- During this period, there were irregularities in the corporate records for BGLC.

IV. During the period from approximately 1925 to approximately 1928, The United Gas Improvement Company effectively operated the MGP facility that was the primary asset of Bangor Gas Light Company.

- UGI and American Gas made decisions with respect to operations, including plant expansion and management of the physical facilities, of the MGP.
- UGI contracted to manage the operations of BGLC’s MGP.
- Decisions made by the personnel at BGLC were subject to the approval of UGI personnel.

V. During the period from approximately 1928 to approximately 1944, American Gas & Power Company (“American Gas & Power”) disregarded the separate corporate identity of, and exercised extensive control over, its wholly-owned subsidiary Bangor Gas Light Company.

- Upon acquisition of BGLC, American Gas & Power officers and directors became managers of BGLC. Officers and directors of American Gas & Power served as a majority of the officers and directors of BGLC throughout this period.
- American Gas & Power and Public Utilities Management Corporation (“PUMC”) exercised control over a range of details of the business of BGLC, from the most important to the trivial.
- American Gas & Power and PUMC acted in the stead of BGLC in making decisions concerning, among other things, plant expansion, accounting methods, purchase and sales, and insurance.
- American Gas & Power engaged in irregular financial practices with respect to BGLC, which evidence that American Gas & Power did not maintain a separate corporate identity from BGLC.
- During this period, American Gas & Power did not observe corporate formalities.

VI. During the period from approximately 1928 to approximately 1944, American Gas & Power effectively operated the MGP facility that was the primary asset of Bangor Gas Light Company.

- American Gas & Power and PUMC made decisions with respect to operations, including plant expansion and management of the physical facilities, of the MGP.
- American Gas & Power and PUMC each contracted to manage the operations of BGLC’s MGP.
- Decisions made by personnel at BGLC were subject to the approval of American Gas & Power or PUMC personnel.

Qualifications of the Witness:

See attached resume.

Testimony in the last four years:

None.

Publications in the last ten years:

See attached resume.

Compensation to be paid for study and testimony:

Dr. Baker charges \$475 per hour for his consulting work on this case.

Dated at Portland, Maine, this 2nd day of February 2004.

Respectfully submitted,

/s/ Martha C. Gaythwaite

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the date shown below, copies of the following document(s):

DEFENDANT, CITIZENS COMMUNICATION COMPANY'S,
DESIGNATION OF EXPERT WITNESS GEORGE P. BAKER WITH RESPECT TO
THIRD PARTY DEFENDANTS

were electronically filed with the Clerk of Court using the CM/ECF system which will send notification of such filing(s) to the attorney/parties of record who have registered as CM/ECF participants including those service attorneys noted in the Service Listing attached hereto.

Dated at Portland, Maine this 2nd day of February 2004.

Respectfully submitted,

/s/ Martha C. Gaythwaite

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Northwestern Growth Corporation – Dismissed
S.E. MacMillan Company, Inc. – Dismissed

GEORGE P. BAKER

RESUME

January 2004

Address

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Current Positions

Herman C. Krannert Professor of Business Administration,
Harvard Business School, 2002-present.

Unit Head: Negotiation, Organizations, and Markets Unit, Harvard Business School, 1998-present.

Co-Chair: HBS Doctoral Programs, 1999-present

Past Positions

MBA Class of 1966 Professor of Business Administration, 1999-2002

Professor of Business Administration, 1996-1999

Associate Professor of Business Administration, Harvard Business School, 1992-1996.

Visiting Associate Professor, Graduate School of Business, University of Chicago,
January-June 1994.

Assistant Professor of Business Administration, Harvard Business School, 1986-1992.

Consultant for Temple, Barker & Sloane. 1982.

Marketing Manager for Teradyne Central, Inc. 1979-1981.

Education

Harvard University, Ph.D. in Business Economics, 1986.

Harvard Business School, MBA with High Distinction, 1984.

Harvard College, A.B. Magna Cum Laude, 1979.

Teaching

Management and Markets: 2000-present. Required doctoral course covering basic material in the theory of organizations, management, and administration.

Coordination, Control and the Management of Organizations: 1987-1991. Second-Year MBA course on organization theory and the design and implementation of organizational systems. Focuses on problems of the allocation of decision rights in organizations, performance measurement systems, and compensation systems.

The Economics of Markets: 1996-present. Required First-Year MBA course on the foundations of economic analysis, market performance, and the effects of market forces on firms and individuals.

First-Year Control: 1986-1988. Required First-Year MBA course on management control systems. Focuses on financial and managerial accounting and the design and implementation of management control systems.

Other Activities

Referee for Professional Journals: *Administrative Sciences Quarterly*; *American Economic Review*; *Business History Review*, *Economic Inquiry*; *Industrial and Labor Relations Review*; *Journal of Accounting and Economics*; *Journal of Economic Behavior and Organizations*; *Journal of Economics and Management Strategy*; *Journal of Finance*; *Journal of Financial Economics*; *Journal of Labor Economics*; *Journal of Law, Economics and Organization*; *Journal of Political Economy*; *Management Science*; *Quarterly Journal of Economics*.

Member, American Economic Association, Nashville, TN.

Publications

Books

The New Financial Capitalists: Kohlberg, Kravis, Roberts and the Creation of Corporate Value, (with George David Smith). Cambridge University Press, 1998.

Professional Articles

"CEO Incentives and Firm Size" (with Brian Hall). *Journal of Labor Economics*, forthcoming.

"Make versus Buy in Trucking: Asset Ownership, Job Design and Information." (with Thomas Hubbard), *American Economic Review*, Vol. 93, No. 3, June 2003.

"Distortion and Risk in Optimal Incentive Contracts." *Journal of Human Resources*, Vol 37, No. 4, Fall, 2002.

"Survivorship and the Economic Grim Reaper" (with Robert Kennedy). *Journal of Law, Economics and Organization*, Fall, 2002.

"Relational Contracts and the Theory of the Firm" (with Robert Gibbons and Kevin J. Murphy). *Quarterly Journal of Economics*, CXVII, 1, February, 2002.

"Empirical Strategies in Contract Economics: Information and the Boundary of the Firm." (with Thomas Hubbard), *American Economic Review*, Vol. 91, No. 2, May, 2001.

"Bringing the Market Inside the Firm?" (with Robert Gibbons and Kevin J. Murphy), *American Economic Review*, Vol. 90, No. 2, May, 2001.

"The Use of Performance Measures in Incentive Contracts." *American Economic Review*, Vol. 89, No. 2 May, 2000.

"Informal Authority in Organizations," (with Robert Gibbons and Kevin J. Murphy), *Journal of Law, Economics and Organizations*, Volume 15, No. 1, pp 56-73, 1999.

"Incentives and Cooperation: The Joint Effects of Task and Reward Interdependence on Group Performance" (with Ruth Wageman). *Journal of Organizational Behavior*, 18, March 1997.

"Internal Labor Markets: Too Many Theories, Too Few Facts," (with Bengt Holmstrom). *American Economic Review*, 85, May 1995.

"The Internal Economics of the Firm: Evidence from Personnel Data," (with Michael Gibbs and Bengt Holmstrom). *Quarterly Journal of Economics*. CIX, November 1994.

"The Wage Policy of a Firm," (with Michael Gibbs and Bengt Holmstrom). Forthcoming, *Quarterly Journal of Economics* CIX, November 1994.

"Subjective Performance Measures in Optimal Incentive Contracts" (with Robert Gibbons and Kevin Murphy). *Quarterly Journal of Economics* CIX, November 1994.

"Hierarchies and Compensation: A Case Study" (with Michael Gibbs and Bengt Holmstrom), *European Economic Review* 37, 1993.

"Beatrice: A Study in the Creation and Destruction of Value," *The Journal of Finance*, Vol XLVII, No. 3, July 1992.

"Incentive Contracts and Performance Measurement," *Journal of Political Economy*, Vol. 100, No. 3, June 1992.

"Lessons from a Middle-Market LBO: The Case of O.M. Scott" (with Karen Wruck), *Journal of Applied Corporate Finance*, Spring 1991.

"Pay for Performance: Causes and Consequences," *Journal of Applied Corporate Finance*, Vol 3, No. 3, Fall 1990.

"Organizational Changes and Value Creation in Leveraged Buyouts: The Case of O.M. Scott & Sons Company" (with Karen H. Wruck), *Journal of Financial Economics*, Vol 25, No. 2, 1989.

"Compensation and Incentives: Practice vs. Theory" (with Michael Jensen and Kevin Murphy), *Journal of Finance*, Vol. XLIII, No. 3, July 1988.

Comments, Reprints, Chapters and Cases

"Leveraged Management Buyouts at KKR: Historical Perspectives on Patient Equity, Debt Discipline, and LBO Governance." (with George Smith) in Rick Lake and Ronald Lake, eds. *Private Equity and Venture Capital*. 2000.

"Organizations and Markets" (with Michael C. Jensen, Carliss Baldwin, and Karen Wruck) in T. McCraw and J. Cruickshank, eds. *The Intellectual Venture Capitalist: John H. MacArthur and the Work of the Harvard Business School, 1980-1995*.

"Cambridge Technology Partners (A)" (with Teresa Amabile and Michael Beer). June, 1995.

"Cambridge Technology Partners (B)" (with Teresa Amabile and Michael Beer). June 1995.

"San Francisco Bay Consulting" (with Karin Monsler). October 1994.

San Francisco Bay Consulting Teaching Note. May 1995.

"Visionary Design Systems" (with Karin Monsler). October 1994.

Visionary Design Systems Teaching Note (with Karin Monsler). April 1995.

"K-III: A Leveraged Buildup" (with Nicola Bamford). November 1994.

"Growth, Corporate Policies and the Investment Opportunity Set," *Journal of Accounting and Economics* 16, 1993.

"Lessons from a Middle-Market LBO: The Case of O.M. Scott" (with Karen H. Wruck). In Donald Chew, ed. *Studies in International Corporate Finance and Governance Systems*. 1997.

"Lessons from a Middle-Market LBO: The Case of O.M. Scott" (with Karen H. Wruck). In Donald Chew, ed. *The New Corporate Finance: Where Theory Meets Practice*. 1993.

"Lessons from a Middle-Market LBO: The Case of O.M. Scott" (with Karen H. Wruck). In Rosabeth Kanter, Barry Stein and Todd Jick, Eds., *The Challenge of Organizational Change*, 1992.

"Organizational Changes and Value Creation in Leveraged Buyouts: The Case of O.M. Scott & Sons Company" (with Karen H. Wruck). In William J. Bruns, Ed., *Performance Measurement, Evaluation and Incentives*, 1992.

"O.M. Scott & Sons (B)" (with Karen Wruck). June 1991.

"Charles River Company" (with Brian Jaffe) and Teaching Note. March 1990.

Discussion of "An Analysis of the Use of Accounting and Market Measures of Performance in Executive Compensation Contracts," *Journal of Accounting Research*, September, 1987.

"RKO Warner Video: Incentive Compensation Plan" (with Sam Shimer) and Teaching Note. June 1989.

Unpublished Papers and Manuscripts

"Volatility, Risk, and Incentives." (with Bjorn Jorgensen). December, 2002.

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“Relational Contracts in Strategic Alliances.” (with Robert Gibbons and Kevin Murphy). November, 2001.

“Contractibility and Asset Ownership: On-Board Computers and Governance in US Trucking” (with Thomas Hubbard). NBER Working Paper 7634, April 2000.

“Conglomerates and LBO Associations: A Comparison of Organizational Forms.” (with Cynthia Montgomery). November 1994.

Thesis

"Management Compensation and Divisional Leveraged Buyouts," September 1986.